

CONFORMED COPY

LOAN NUMBER 4197 CHA

Loan Agreement

(Waigaoqiao Thermal Power Project)

between

PEOPLE'S REPUBLIC OF CHINA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated June 12, 1998

LOAN NUMBER 4197 CHA

LOAN AGREEMENT

AGREEMENT, dated June 12, 1998, between PEOPLE'S REPUBLIC OF CHINA (the Borrower) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the Bank).

WHEREAS (A) the Borrower, having satisfied itself as to the feasibility and priority of the Project described in Schedule 2 to this Agreement, has requested the Bank to assist in the financing of the Project;

(B) the Project will be carried out by Shanghai Municipal Electric Power Company (SMEPC) with the Borrower's assistance, and as part of such assistance, the Borrower will make available to SMEPC through Shanghai Municipality the proceeds of the Loan as provided in this Agreement;

(C) the Borrower intends to obtain from external sources (collectively, the Cofinanciers) loans in an aggregate amount equivalent to five hundred million Dollars (\$500,000,000) to assist in financing part of the Project on the terms and conditions set forth in agreements (the Cofinancing Agreements) to be entered into between the Borrower and the Cofinanciers; and

WHEREAS the Bank has agreed, on the basis, inter alia, of the foregoing, to extend the Loan to the Borrower upon the terms and conditions set forth in this Agreement and in the Project Agreement of even date herewith between the Bank and

SMEPC;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

General Conditions; Definitions

Section 1.01. The "General Conditions Applicable to Loan and Guarantee Agreements for Single Currency Loans" of the Bank, dated May 30, 1995, with the modification of Section 6.03 set forth below (the General Conditions) constitute an integral part of this Agreement: "Section 6.03. Cancellation by the Bank. If (a) the right of the Borrower to make withdrawals from the Loan Account shall have been suspended with respect to any amount of the Loan for a continuous period of thirty days, or (b) at any time, the Bank determines, after consultation with the Borrower, that an amount of the Loan will not be required to finance the Project's costs to be financed out of the proceeds of the Loan, or (c) at any time, the Bank determines, with respect to any contract to be financed out of the proceeds of the Loan, that corrupt or fraudulent practices were engaged in by representatives of the Borrower or of a beneficiary of the Loan during the procurement or the execution of such contract, without the Borrower having taken timely and appropriate action satisfactory to the Bank to remedy the situation, and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Loan, or (d) at any time, the Bank determines that the procurement of any contract to be financed out of the proceeds of the Loan is inconsistent with the procedures set forth or referred to in the Loan Agreement and establishes the amount of expenditures in respect of such contract which would otherwise have been eligible for financing out of the proceeds of the Loan, or (e) after the Closing Date, an amount of the Loan shall remain unwithdrawn from the Loan Account, or (f) the Bank shall have received notice from the Guarantor pursuant to Section 6.07 with respect to an amount of the Loan, the Bank may, by notice to the Borrower and the Guarantor, terminate the right of the Borrower to make withdrawals with respect to such amount. Upon the giving of such notice, such amount of the Loan shall be cancelled."

Section 1.02. Unless the context otherwise requires, the several terms defined in the General Conditions have the respective meanings therein set forth and the following additional terms have the following meanings:

(a) "Affected Person" means a person who on account of the execution of Part A of the Project had or would have his or her: (i) standard of living adversely affected; or (ii) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (iii) business, occupation, work or place of residence or habitat adversely affected, and "Affected Persons" means collectively all persons who qualify as an Affected Person.

(b) "Bubble Concept" means an approach to air quality management within a specified geographical area whereby reductions in sulfur dioxide (SO₂) emissions at one site within such area would offset emissions at another site.

(c) "Charter" means the charter of SMEPC, approved under Approval No. 881/1989, issued by Borrower's Ministry of Energy, dated September 9, 1989, as amended to the date of this Agreement.

(d) "Environmental Management Program" means SMEPC's environmental management program for mitigating and monitoring the environmental impact of the Project, dated March 1997, based on the environmental impact assessment for the Project approved by the Borrower's National Environmental Protection Agency, as the same may be revised from time to time with the agreement of the Bank.

(e) "Management Development and Training Program" means SMEPC's plan to strengthen its financial management capabilities, dated March, 1997, as the same may be revised from time to time with the agreement of the Bank.

(f) "Project Agreement" means the agreement between the Bank and SMEPC of even date herewith, as the same may be amended from time to time, and such term includes all schedules and agreements supplemental to the Project Agreement.

(g) "Resettlement Action Plan" means the plan, acceptable to the Bank, dated March 28, 1997, for the compensation, resettlement and rehabilitation of Affected Persons, as said resettlement plan may be supplemented and amended from time to time with the prior agreement of the Bank.

(h) "Shanghai Municipality" means the Shanghai Municipality, an administrative sub-division of the Borrower, or any successor or successors thereto.

(i) "SMEPC Restructuring Plan" means the plan for the reform of SMEPC as prepared by SMEPC.

(j) "SMEPC" means Shanghai Municipal Electric Power Company, a state-owned enterprise organized and existing under the laws of the Borrower pursuant to the Charter, and any successor or successors thereto.

(k) "Special Account" means the account referred to in Section 2.02 (b) of this Agreement.

(l) "Subsidiary Loan Agreement" means the agreement to be entered into between the Borrower and Shanghai Municipality or the agreement to be entered into between Shanghai Municipality and SMEPC (as the context requires) pursuant to Section 3.01 (b) of this Agreement, as the same may be amended from time to time; the term "Subsidiary Loan Agreements" means the said agreements collectively; and the term "Subsidiary Loan" means the loan provided to Shanghai Municipality or SMEPC thereunder.

ARTICLE II

The Loan

Section 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, an amount equal to four hundred million Dollars (\$400,000,000).

Section 2.02. (a) The amount of the Loan may be withdrawn from the Loan Account in accordance with the provisions of Schedule 1 to this Agreement for expenditures made (or, if the Bank shall so agree, to be made) in respect of the reasonable cost of goods and services required for the Project described in Schedule 2 to this Agreement and to be financed out of the proceeds of the Loan.

(b) The Borrower may, for the purposes of the Project, open and maintain in Dollars a special deposit account in a commercial bank on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Schedule 4 to this Agreement.

Section 2.03. The Closing Date shall be January 31, 2006 or such later date as the Bank shall establish. The Bank shall promptly notify the Borrower of such later date.

Section 2.04. The Borrower shall pay to the Bank a commitment charge at the rate of three-fourths of one percent ($3/4$ of 1%) per annum on the principal amount of the Loan not withdrawn from time to time.

Section 2.05. (a) The Borrower shall pay interest on the principal amount of the Loan withdrawn and outstanding from time to time, at a rate for each Interest Period equal to LIBOR Base Rate plus LIBOR Total Spread.

(b) For the purposes of this Section:

(i) "Interest Period" means the initial period from and including the date of this Agreement to, but excluding, the first Interest Payment Date occurring thereafter, and after the initial period, each period from and including an Interest Payment Date to, but excluding the next following Interest Payment Date.

(ii) "Interest Payment Date" means any date specified in Section 2.06 of this Agreement.

(iii) "LIBOR Base Rate" means, for each Interest Period, the London interbank offered rate for six-month deposits in Dollars for value the first day of such Interest Period (or, in the case of the initial Interest Period, for value the Interest Payment Date occurring on or next preceding the first day of such Interest Period), as reasonably determined by the Bank and expressed as a percentage per annum.

(iv) "LIBOR Total Spread" means, for each Interest Period: (A) one half of one percent (1/2 of 1%); (B) minus (or plus) the weighted average margin, for such Interest Period, below (or above) the London interbank offered rates, or other reference rates, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by the Bank to fund single currency loans or portions thereof made by it that include the Loan; as reasonably determined by the Bank and expressed as a percentage per annum.

(c) The Bank shall notify the Borrower of LIBOR Base Rate and LIBOR Total Spread for each Interest Period, promptly upon the determination thereof.

(d) Whenever, in light of changes in market practice affecting the determination of the interest rates referred to in this Section 2.05, the Bank determines that it is in the interest of its borrowers as a whole and of the Bank to apply a basis for determining the interest rates applicable to the Loan other than as provided in said Section, the Bank may modify the basis for determining the interest rates applicable to the Loan upon not less than six (6) months' notice to the Borrower of the new basis. The basis shall become effective on the expiry of the notice period unless the Borrower notifies the Bank during said period of its objection thereto, in which case said modification shall not apply to the Loan.

Section 2.06. Interest and other charges shall be payable semiannually on March 15 and September 15 in each year.

Section 2.07. The Borrower shall repay the principal amount of the Loan in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III

Execution of the Project

Section 3.01. (a) The Borrower declares its commitment to the objectives of the Project as set forth in Schedule 2 to this Agreement, and, to this end, without any limitation or restriction upon any of its other obligations under this Agreement, shall cause SMEPC to perform in accordance with the provisions of the Project Agreement all the obligations of SMEPC therein set forth, shall take or cause to be taken all actions, including the provision of funds, facilities, services and other resources necessary or appropriate to enable SMEPC to perform such obligations and shall not take or permit to be taken any action which would prevent or interfere with such performance.

(b) The Borrower shall relend the proceeds of the Loan to SMEPC through Shanghai Municipality under subsidiary loan agreements to be entered into between the Borrower and Shanghai Municipality and between Shanghai Municipality and SMEPC under terms and conditions which shall have been agreed by the Bank. Such terms and conditions shall include the following:

(i) the principal amount of the Subsidiary Loan shall be repaid by SMEPC in Dollars to the Borrower over a period not exceeding twenty (20) years, including a grace period not exceeding six (6) years;

(ii) the principal amount of the Subsidiary Loan repayable by SMEPC shall be the equivalent in Dollars (determined as of the date, or respective dates, of repayment) of the value of the currency

or currencies withdrawn from the Loan Account;

(iii) the Subsidiary Loan shall be charged: (a) interest on the principal amount thereof withdrawn and outstanding from time to time, at a rate equal to the rate payable by the Borrower from time to time pursuant to Section 2.05 (a) of this Agreement; and (b) a commitment charge on the principal amount thereof not withdrawn from time to time at a rate equal to three fourths of one percent (3/4 of 1%) per annum.

(c) The Borrower shall exercise its rights under the Subsidiary Loan Agreement with Shanghai Municipality and shall cause Shanghai Municipality to exercise its rights under the Subsidiary Loan Agreement with SMEPC in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan, and, except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive or permit Shanghai Municipality to assign, amend, abrogate or waive the Subsidiary Loan Agreement or any provision thereof.

Section 3.02. Except as the Bank shall otherwise agree, procurement of the goods and consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be governed by the provisions of Schedule 1 to the Project Agreement.

Section 3.03. The Borrower and the Bank hereby agree that the obligations set forth in Sections 9.04, 9.05, 9.06, 9.07, 9.08 and 9.09 of the General Conditions (relating to insurance, use of goods and services, plans and schedules, records and reports, maintenance and land acquisition, respectively) shall be carried out by SMEPC pursuant to Section 2.03 of the Project Agreement.

ARTICLE IV

Financial Covenants

Section 4.01. (a) For all expenditures with respect to which withdrawals from the Loan Account were made on the basis of statements of expenditure, the Borrower shall:

(i) maintain or cause to be maintained in accordance with sound accounting practices, records and accounts reflecting such expenditures;

(ii) ensure that all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures are retained until at least one year after the Bank has received the audit report for the fiscal year in which the last withdrawal from the Loan Account was made; and

(iii) enable the Bank's representatives to examine such records.

(b) The Borrower shall:

(i) have the records and accounts referred to in paragraph (a)(i) of this Section and those for the Special Account for each fiscal year audited, in accordance with appropriate auditing principles consistently applied, by independent auditors acceptable to the Bank;

(ii) furnish to the Bank as soon as available, but in any case not later than six (6) months after the end of each such year the report of such audit by said auditors, of such scope and in such detail as the Bank shall have reasonably requested, including a separate opinion by said auditors as to whether the statements of expenditure submitted during such fiscal year, together with the procedures and internal controls involved in their preparation, can be relied upon to support the related withdrawals; and

(iii) furnish to the Bank such other information concerning said records

and accounts and the audit thereof as the Bank shall from time to time reasonably request.

ARTICLE V

Remedies of the Bank

Section 5.01. Pursuant to Section 6.02 (1) of the General Conditions, the following additional events are specified:

(a) SMEPC shall have failed to perform any of its obligations under the Project Agreement.

(b) As a result of events which have occurred after the date of this Agreement, an extraordinary situation shall have arisen which shall make it improbable that SMEPC will be able to perform its obligations under the Project Agreement.

(c) The Charter shall have been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the operations or financial condition of SMEPC or its ability to carry out the Project or the ability of SMEPC to perform any of its obligations under the Project Agreement.

(d) The Borrower or any other authority having jurisdiction shall have taken any action for the dissolution or disestablishment of SMEPC or for the suspension of its operations.

(e) The Cofinancing Agreements shall have failed to become effective by December 31, 2002, with respect to at least \$300,000,000 of the amount of financing to be obtained thereunder, and by July 31, 2005, with respect to the remainder of such amount, or, in each case, such later date as the Bank may agree; provided, however, that the provisions of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement.

(f) (i) Subject to subparagraph (ii) of this paragraph: (A) the right of the Borrower to withdraw the proceeds of any loan made to the Borrower for the financing of the Project shall have been suspended, canceled or terminated in whole or in part, pursuant to the terms of the agreement providing therefor, or (B) any such loan shall have become due and payable prior to the agreed maturity thereof.

(ii) Subparagraph (i) of this paragraph shall not apply if the Borrower establishes to the satisfaction of the Bank that: (A) such suspension, cancellation, termination or prematuring is not caused by the failure of the Borrower to perform any of its obligations under such agreement; and (B) adequate funds for the Project are available to the Borrower from other sources on terms and conditions consistent with the obligations of the Borrower under this Agreement;

Section 5.02. Pursuant to Section 7.01 (h) of the General Conditions, the following additional events are specified: (a) any event specified in paragraph (a) of Section 5.01 of this Agreement shall occur and shall continue for a period of sixty (60) days after notice thereof shall have been given by the Bank to the Borrower; (b) any event specified in paragraphs (c), (d) and (e) of Section 5.01 of this Agreement shall occur, subject, with respect to said paragraph (e), to the proviso contained therein; and (c) the event specified in paragraph (f)(i)(B) of Section 5.01 of this Agreement shall occur, subject to the proviso of paragraph (f)(ii) of that Section.

ARTICLE VI

Effective Date; Termination

Section 6.01. The following event is specified as an additional condition to the effectiveness of the Loan Agreement within the meaning of Section 12.01 (c) of the General Conditions, namely that the Subsidiary Loan Agreements have been executed on

behalf of the Borrower, Shanghai Municipality and SMEPC.

Section 6.02. The following are specified as additional matters, within the meaning of Section 12.02 (c) of the General Conditions, to be included in the opinion or opinions to be furnished to the Bank:

(a) that the Project Agreement has been duly authorized or ratified by SMEPC, and is legally binding upon SMEPC in accordance with its terms; and

(b) that the Subsidiary Loan Agreements have been duly authorized or ratified by the Borrower, Shanghai Municipality and SMEPC and are legally binding upon the Borrower, Shanghai Municipality and SMEPC in accordance with their terms.

Section 6.03. The date ninety (90) days after the date of this Agreement is hereby specified for the purposes of Section 12.04 of the General Conditions.

ARTICLE VII

Representative of the Borrower; Addresses

Section 7.01. The Minister of Finance of the Borrower is designated as representative of the Borrower for the purposes of Section 11.03 of the General Conditions.

Section 7.02. The following addresses are specified for the purposes of Section 11.01 of the General Conditions:

For the Borrower:

Ministry of Finance
Sanlihe
Beijing 100820
People's Republic of China

Cable address:

Telex:

22486 MFPRC CN

For the Bank:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

INTBAFRAD

248423 (MCI)

Washington, D.C.

64145 (MCI)

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in the District of Columbia, United States of America, as of the day and year first above written.

PEOPLE'S REPUBLIC OF CHINA

By /s/ Li Zhaoxing

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Sven Sandstrom

Authorized Representative

SCHEDULE 1

Withdrawal of the Proceeds of the Loan

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditures for items so to be financed in each Category:

Category	Amount of the Loan Allocated (Expressed in Dollars)	% of Expenditures to be Financed
(1) Consultants' services and training	7,500.000	100%
(2) Goods	380,000,000	100% of foreign expenditures, 100% of local expenditures (ex-factory cost) and 75% of local expendi- tures for other items procured locally
(3) Unallocated	12,500,000	
TOTAL	400,000,000	

2. For the purposes of this Schedule:

(a) the term "foreign expenditures" means expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower; and

(b) the term "local expenditures" means expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower.

3. Notwithstanding the provisions of paragraph 1 above, no withdrawals shall be made in respect of payments made for expenditures prior to the date of this Agreement, except that withdrawals, in an aggregate amount not exceeding the equivalent of \$5,000,000, may be made in respect of Categories (1) and (2) on account of payments made for expenditures before that date but after March 31, 1997.

4. The Bank may require withdrawals from the Loan Account to be made on the basis of statements of expenditure for expenditures for: (a) goods under contracts costing less than \$5,000,000 equivalent, (b) services provided by consulting firms under contracts costing less than \$100,000 equivalent each; (c) services provided by individual consultants under contracts costing less than \$50,000 equivalent each; and (d) training; all under such terms and conditions as the Bank shall specify by notice to the Borrower.

SCHEDULE 2

Description of the Project

The objectives of the Project are to assist the Borrower to:

(a) reduce the acute electricity shortages in Shanghai Municipality through the development of two coal-fired supercritical thermal units to increase electricity supply;

(b) improve air quality management in Shanghai Municipality through the development of a program to apply the Bubble Concept for cost effective air quality management;

(c) support the Borrower's ongoing power sector reform by restructuring SMEPC in line with the power sector reform strategy and increasing private sector involvement in the power sector; and

(d) improve the access of power entities to international financial markets through promotion of an innovative and diversified financing model for large infrastructure projects.

The Project consists of the following parts, subject to such modifications thereof as the Borrower and the Bank may agree upon from time to time to achieve such objectives:

Part A

Construction of two 900-1000 megawatt (MW) coal-fired supercritical thermal units at Pudong in Shanghai Municipality as the second phase of the Waigaoqiao power plant development and provision of equipment and facilities including on-line performance monitoring systems to minimize coal consumption and gradually introduce advanced maintenance techniques.

Part B

Installation of flue gas desulfurization facilities at Shidongkou Power Plant with capacity to at least offset the anticipated sulfur dioxide emissions from the supercritical thermal units to be constructed under Part A of the Project.

Part C

(1) Construction of two 500 kilovolt (kV) transmission lines (approximately 2 x 50km) to connect the supercritical thermal units to be constructed under Part A of the Project to the Shanghai Municipal Power Grid.

(2) Construction in Shanghai Municipality of one new substation at Sanlin together with the installation of two 1000 megavolt-ampere (MVA), 500/220 kV transformers and an extension of the substation at Sijing, together with one 750 MVA, 500/220 kV transformer.

Part D

Carrying out of a program to strengthen management of SMEPC through: (i) the establishment of a modern accounting and financial management system; (ii) provision of training to selected SMEPC staff in utility management; (iii) provision of training to technical staff of SMEPC in Project implementation; and (iv) upgrading and equipping of SMEPC's training facilities.

Part E

Carrying out of a program to strengthen the planning and corporate restructuring capacity of SMEPC including: (i) review and detailed development of the planned sector structure, including the separation of generation and transmission/distribution into separate companies; (ii) development of a plan for the commercial arrangement for market operation; and (iii) development of a financial and corporate restructuring plan of the generation company, including public listing of the shares of the generation company on one or more stock exchanges.

Part F

Resettlement and rehabilitation of about 1900 Affected Persons.

Part G

Carrying out of an environmental management program to strengthen SMEPC's environmental monitoring and management.

* * *

The Project is expected to be completed by July 31, 2005.

SCHEDULE 3

Amortization Schedule

Date Payment Due	Payment of Principal (expressed in Dollars)*
March 15, 2004	9,310,000
September 15, 2004	9,590,000
March 15, 2005	9,880,000
September 15, 2005	10,180,000
March 15, 2006	10,480,000
September 15, 2006	10,800,000
March 15, 2007	11,120,000
September 15, 2007	11,450,000
March 15, 2008	11,800,000
September 15, 2008	12,150,000
March 15, 2009	12,520,000
September 15, 2009	12,890,000
March 15, 2010	13,280,000
September 15, 2010	13,680,000
March 15, 2011	14,090,000
September 15, 2011	14,520,000
March 15, 2012	14,950,000
September 15, 2012	15,400,000
March 15, 2013	15,860,000
September 15, 2013	16,340,000
March 15, 2014	16,830,000
September 15, 2014	17,340,000
March 15, 2015	17,860,000
September 15, 2015	18,390,000
March 15, 2016	18,950,000
September 15, 2016	19,520,000
March 15, 2017	20,100,000
September 15, 2017	20,720,000

* The figures in this column represent the amount in Dollars to be repaid, except as provided in Sections 4.04 (d) of the General Conditions.

SCHEDULE 4

Special Account

1. For the purposes of this Schedule:

(a) the term "eligible Categories" means Categories (1) and (2) set forth in the table in paragraph 1 of Schedule 1 to this Agreement;

(b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Project and to be financed out of the proceeds of the Loan allocated from time to time to the eligible Categories in accordance with the provisions of Schedule 1 to this Agreement; and

(c) the term "Authorized Allocation" means an amount equivalent to \$15,000,000 to be withdrawn from the Loan Account and deposited into the Special Account pursuant to paragraph 3 (a) of this Schedule, provided, however, that unless the Bank shall otherwise agree, the Authorized Allocation shall be limited to an amount equivalent to \$8,000,000 until the aggregate amount of withdrawals from the Loan Account plus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions shall be equal to or

exceed the equivalent of \$100,000,000.

2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:

(a) For withdrawals of the Authorized Allocation, the Borrower shall furnish to the Bank a request or requests for deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount or amounts as the Borrower shall have requested.

(b) (i) For replenishment of the Special Account, the Borrower shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.

(ii) Prior to or at the time of each such request, the Borrower shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Schedule for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Borrower, withdraw from the Loan Account and deposit into the Special Account such amount as the Borrower shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Loan Account under the respective eligible Categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Borrower out of the Special Account, the Borrower shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Schedule, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Borrower directly from the Loan Account in accordance with the provisions of Article V of the General Conditions and paragraph (a) of Section 2.02 of this Agreement;

(b) if the Borrower shall have failed to furnish to the Bank, within the period of time specified in Section 4.01 (b) (ii) of this Agreement, any of the audit reports required to be furnished to the Bank pursuant to said Section in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Borrower of its intention to suspend in whole or in part the right of the Borrower to make withdrawals from the Loan Account pursuant to the provisions of Section 6.02 of the General Conditions; or

(d) once the total unwithdrawn amount of the Loan allocated to the eligible Categories, minus the total amount of all outstanding special commitments entered into by the Bank pursuant to Section 5.02 of the General Conditions with respect to the Project, shall equal the equivalent of twice the amount of the Authorized Allocation. Thereafter, withdrawal from the Loan Account of the remaining unwithdrawn amount of the Loan allocated to the eligible Categories shall follow such procedures as the Bank shall specify by notice to the Borrower. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or (ii) was not justified by the evidence furnished to the Bank, the Borrower shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Borrower has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Borrower shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.

(c) The Borrower may, upon notice to the Bank, refund to the Bank all or any portion of the funds on deposit in the Special Account.

(d) Refunds to the Bank made pursuant to paragraphs 6 (a), (b) and (c) of this Schedule shall be credited to the Loan Account for subsequent withdrawal or for cancellation in accordance with the relevant provisions of this Agreement, including the General Conditions.

